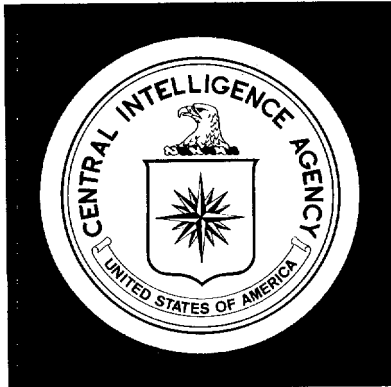


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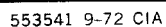
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VIETNAM: A flurry of Communist shellings and commando attacks, mainly in Military Regions 1 and 2, has shifted the spotlight away from the major battlefronts.

Many of the latest attacks were directed at major highways. Highway 1 was cut in a number of places from Binh Dinh Province north, including a half-mile-long bridge 15 miles south of Da Nang. Other attacks included a 600-round mortar and artillery barrage against the South Vietnamese Ranger command post in the district town of Tam Quan in northern Binh Dinh. The shelling was followed by a ground probe, and preliminary reports indicate that government forces suffered at least 50 casualties. In Pleiku Province, the Duc Co Border Ranger camp was hit by a heavy mortar bombardment and ground attack.

South Vietnamese Marines report that they killed a large number of North Vietnamese in a battle just north of Quang Tri City, and territorial forces claim to have captured more than 200 weapons and 20,000 rounds of ammunition in an engagement south of the town. The South Vietnamese 2nd Division's counteroffensive in the Que Son Valley made no major gains yesterday.

A spate of low-level reports allege that the Communists intend to step up action this weekend to mark the North Vietnamese National Day on 2 September and the fourth anniversary of Ho Chi Minh's death on 3 September. Despite new South Vietnamese security moves, the Communists may be able to garner some headlines by firing a few rockets into Saigon and other major targets. [REDACTED]

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SOUTH ASIA: Prime Minister Gandhi now believes that India may have to get Bangladesh to soften its position on the prisoners of war [REDACTED]

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In the past, Mrs. Gandhi's diplomatic efforts, designed ultimately to end Pakistan's "policy of confrontation," have been directed primarily at Pakistan. They have included both concessions--the agreement to withdraw troops, for example--and pressure, most recently the decision to delay withdrawal.

The Pakistani negotiators who were in New Delhi earlier this week may have convinced Mrs. Gandhi that as long as Bangladesh Prime Minister Mujibur Rahman remains adamant on the prisoner issue, Islamabad will not be able to reach an accommodation with New Delhi.

Unless the Indians are willing to make a major effort, attempts to budge Mujib may be no more productive than previous low-key Indian initiatives. He does not give in easily and has publicly committed himself on many occasions to trying Pakistani "war criminals." [REDACTED]

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JAPAN: New charges that the US is storing poison gas in Japan are likely to stir further anti-US sentiment.

Komeito, the second largest opposition party, on 30 August presented the government with an allegedly documented list of charges, including the chemical weapons claim, and accused the US of shipping military supplies and weapons directly to Vietnam from Japan. At a press conference, a top Komeito official sharply disputed Tokyo's earlier assurances that all chemical weapons had been removed from Japan by last summer. Responding to the new allegations, a government spokesman reportedly said that Japan had no alternative but to believe US authorities on this issue. US storage of nerve gas on Okinawa was a hot political issue in Japan in 1970.

Komeito's decision to publicize the charges was apparently designed to embarrass Tanaka during his meeting with President Nixon. Komeito had taken a more positive attitude toward US-Japan relations in the last six months, but pressure from within the party has been building on party chairman Takeiri to resume a more militant approach to the issue.

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MALAGASY REPUBLIC: A two-week congress of Malagasy protest movements will open in Tananarive on Monday against a background of increasing efforts by General Ramanantsoa to consolidate his government's position.

The outlines of a new constitution will be the central issue at the assembly. This was one of the popular demands to which Ramanantsoa agreed last May after the student-teacher-worker coalition (KIM) ousted President Tsiranana. Regional branches have been holding preparatory meetings during the past month, and the congress will give the first clear indication of the coalition's potential as an organized force in Malagasy politics.

Ramanantsoa and his colleagues originally viewed themselves as a caretaker government, but there is evidence that these men, having enjoyed the exercise of power, are becoming reluctant to surrender it. After a cautious start, Ramanantsoa has staked out much clearer policies and programs. This week the cabinet authorized him to declare martial law whenever he believes it necessary, and the government recently announced that it will conduct a referendum next month on his actions and policies. Ramanantsoa has also lowered the voting age from 21 to 18 years--a decision likely to win more friends among students and young workers.

A successful and well organized KIM congress could lead to popular participation in the government of the Malagasy Republic--a rare development in any of France's former African colonies. Ramanantsoa and his associates, who represent the upper stratum of society, are obviously aware of the changes that would be in store for their class under a popular government and are digging in to prevent any radical shift. While he will let the congress have its say, Ramanantsoa will apparently make great efforts to obtain a vote of confidence in his government through the referendum as a counter to the congress' demands.

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EUROPEAN COMMUNITIES - JORDAN: Amman's formal request for negotiations on a trade agreement presages still another extension of the EC's preferential network in the Mediterranean. The Jordanians fear that similar community agreements with Lebanon and Egypt, which are expected to be signed shortly, will hurt their trade. Israel already has a preferential agreement with the EC. Amman also wants to be included in any economic and technical cooperation agreements that might emerge from the EC's current re-examination of its Mediterranean policy. The EC Council will give the Jordanian case an initial airing this fall. While not enthusiastic about Jordan's request, the community will find it difficult to draw a line against Jordan--given the arrangements with its competitors. [REDACTED]

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ICELAND: Despite world-wide objections, the government seems resolute in its determination to enforce the new 50-mile fishing limit that went into effect yesterday. On 31 August, Prime Minister Johansson reiterated the threat to "defend the fisheries zones," but no incidents at sea are expected immediately. Icelandic Coast Guard patrol vessels and aircraft have deployed, however, apparently to catalog violations and, according to Johansson, violators may escape now but will be punished later. Efforts to resume negotiations with the British continue. An Icelandic spokesman hinted that his government might wait as long as three weeks, anticipating resumption of talks, before trying to seize errant vessels. [REDACTED]

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MEXICO: President Echeverria's ambitious worker housing program is under way. Construction has begun on 20,000 units--an investment of nearly \$80 million--of a five-year plan of 500,000 housing units. This marks the first significant step in Echeverria's promised effort to realign government priorities in favor of lower income groups. Getting the long-delayed project off the ground is a decided political plus for the President, whose economic policies have so far found little favor among either conservative or progressive groups. [REDACTED]

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SRI LANKA: The country's main bank workers union has launched a nationwide strike in response to the government's refusal to meet its wage demands. The government, acting under existing emergency regulations, has declared the strike illegal, and the minister of justice and home affairs has told the US chargé that "things may get bloody" as the authorities seek to force the strikers back to work. The government is probably capable of breaking the strike, but the situation may heighten tensions within Prime Minister Bandaranaike's coalition government. Several labor groups allied to factions within government parties are supporting the bank workers. The country's largest labor organization, the 350,000-man tea workers union, has also been locked in a dispute with the regime, but has reportedly agreed to a compromise that may stave off serious trouble in the key tea industry. [REDACTED]

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